

CHAPTER 13

GRANT CLOSE-OUT

I. INTRODUCTION.

Grant closeout is the final activity of your State CDBG grant except for continued accounting for, and reporting of, program income (see Chapter 14). This chapter discusses how to close out your grant.

II. GRANTEE RESPONSIBILITIES.

Within 30 days after your contract expires, the final FAR must be submitted to the Department. The final Funds Request is due 45 days after grant expiration. The final Grantee Performance Report (GPR), Closeout Report, and any unused grant funds you have on hand are due within 90 days of contract expiration. The Final FAR can also be used as the Closeout Report (see II C). Late submission of the closeout documentation may directly affect rating in future applications and, potentially, the ability to apply for CDBG funds. *Grantee Performance Reports are not required for Planning and Technical Assistance Grants.*

If your contract has been completed or terminated early for any reason, consult with the Department as to what closing documents are required.

This section discusses the following items:

- A. Final Grantee Performance Report (GPR)
- B. Final Financial & Accomplishment Report (FAR)
- C. Closeout FAR & Closeout Certification Letter
- D. Final Funds Request
- E. Return All Unused Funds
- F. Final product, other documents as required

A. Final Grantee Performance Report (GPR).

This form is required for all General/Native American, Economic Development, and Colonias grants, but is not required for P/TA grants. Complete the GPR forms for the final period from July 1 to the contract expiration date. Enter the data as requested on the form (see Chapter 10 for GPR form). Submit an original of the report (no extra copies are needed) to the Department at:

Department of Housing and Community Development
Financial Assistance Division/State CDBG Program
Attn: Fiscal Unit
1800 Third Street, Rm. 330
Sacramento, CA 95814

B. Final Financial & Accomplishment Report (FAR).

The final FAR is due within 30 days after the expiration of the grant. Complete a final Financial & Accomplishment Report (see Chapter 10 for FAR form). The period covered will be from the date of the last FAR submitted to the grant expiration date or the date when all grant funds, leverage, and cash match (P/TA grants) were fully expended, if earlier than the grant expiration date. The expenditures reported on the final FAR must agree with the amounts reported on the other closeout documents. Submit an original and two copies to the Department at the address in A., above.

C. Closeout Report

The closeout report is due within 90 days after the expiration of the grant. Complete the entire FAR report (found in Chapter 10, II-A) and check the Closeout Report Box to indicate that this FAR is to be used as the Closeout Report. Make sure the Closeout Report summarizes your CDBG expenditures by activity. Compute your grant balance and determine if any excess grant payments are on hand (see item D. below). Attach a completed Closeout Certification letter (found in Chapter 10 as Attachment B) to the Closeout Report. List any property acquisitions made with CDBG funds and the property's total cost. Have an authorized representative sign the closeout certification, allowing grant closeout pending the resolution of any audit findings. Submit an original and two copies to the Department at the address in A., above.

If you have all the information for completing the Final FAR and Closeout report for the grant within 30 days after the grant contract has expired, then you may check both boxes and just submit one set of forms to cover both reports. The Report Period should be from the Execution Date to the Expiration Date of the Contract. Have an authorized representative sign the certification section, allowing grant closeout pending the resolution of any audit findings. Submit an original and two copies to the Department at the address in A., above.

D. Final Funds Request.

If you have funds remaining on your contract and need reimbursement for costs incurred prior to the contract expiration, submit your final Funds Request as soon as possible after contract expiration, but in no event later than 45 days after the contract expires. Be sure the figures posted on the Funds Request are consistent with those on the Closeout Report and Final FAR. If the final Funds Request is not submitted within the 45 days post contract expiration, the Department will disencumber those funds and you will no longer be able to access them. Send an original Funds Request to the Department at the address in A., above (see Chapter 9 for the Funds Request form).

E. Unused grant funds

If you have any unused grant funds on hand, you must return them to the Department promptly and in no event later than 90 days after the contract expires. Make your check payable to the Department of Housing and Community Development and mail it to:

Department of Housing and Community Development
Accounting Department, Room 415
Attn: Cashier
P.O. Box 952050
Sacramento, California 94252-2050

Include the Return of Funds/Interest cover letter (found as Attachment A in Chapter 9) with the check.

Note that if closeout related administrative costs are to be charged to the grant, closeout must be completed prior to the grant expiration date. Expenditures incurred after the grant expiration date may not be charged to the grant.

F. Close out Documentation for Planning and Technical Assistance Grants:

1. If you have a Planning and Technical Assistance grant or other project involving a study or report, you must submit a copy of the final product to the Department by the contract expiration date. All final products must include an acknowledgment on the cover of the document that CDBG funds were used to finance all or a part of the work performed.
2. Notice of Public Hearing for Accepting Final Product. Send a copy of the notice of public hearing that was held as part of the grant close out process. The purpose of this final hearing is to notify the public about accomplishments funded by the grant and for the governing body to accept the final product.

If the planning grant has several different studies then the grantee can have one public hearing to accept all of the final products at once or if the final products are done at different times then one for each final product can be done. Since the closeout package is not due to CDBG until 90 days after the contract expires, it is possible that the jurisdiction may have a final hearing to accept the final product after the contract is expired. In all cases, please send copies of all relevant notices.

3. Procurement documentation. Starting with the 99/00 funding cycle, if applicable, grantees must send documentation of the process used to procure contracted/consulting services to perform all or part of the grant activity. The required documentation is described in the state contract and in an appendix included with the annual P/TA Application Package.

G. Conditional Close out of Grants Contingent upon proper Annual Audit of Grantees.

1. Upon receipt of all the documentation required for grant close out, the state sends out a “conditional” close out letter. The final close out is contingent upon approval by state staff of the grantee’s annual audit. Typically Grantees or their auditors submit a single annual audit report to the State Controller’s Office. The audit is reviewed by the State Controller’s Office and HCD’s Audit Department before a listing of the audit status is given to CDBG fiscal staff. If there are audit problems the grant will not be fully closed out until the audit

problems are resolved. See Chapter 11 of this manual for further discussion of audit requirements.

III. COMMON PROBLEMS.

- Delay in or failure to submit closeout documents to the Department
- Delay in or failure to submit a check to the Department for excess grant payments
- Failure to submit a complete final product for P/TA grants by the contract expiration date
- Failure to provide CDBG funding acknowledgment on final products of P/TA grants

IV. DEPARTMENT'S ROLE.

The CDBG staff will review the closeout package for completeness and to ensure everything necessary to close out the grant has been received. If any monitoring or audit findings are outstanding, staff will work with you to resolve them. When all contract terms have been met and any monitoring findings resolved, the Department will send you a conditional closeout letter. When your annual audit is received and approved by the State Controller's Office (see Chapter 11), the Department will enter the grant as finally closed out in the HUD reporting software.

V. REFERENCES.

- State CDBG Regulations, Section 7116, lists the conditions under which a closeout is required and discusses the procedure for closing out a grant.